



April 6, 2016

David W. Blackwell
Dean, Gatton College of Business & Economics
University of Kentucky
Lexington, KY 40506

Dear Dean Blackwell:

The purpose of this letter is to express my fullest, unconditional support in favor of forming the Schnatter Institute for the Study of Free Enterprise at the Gatton College of Business and Economics.

Mr. Schatter's success as an entrepreneur serves as an obvious exemplar of the vital roles of vision, leadership, business planning, execution, and perseverance in navigating and establishing a position in the modern competitive marketplace. To further promote the study of the free/competitive markets, the Charles Koch Foundation has provided funding to over 200 college and universities throughout the country; many of which are the University of Kentucky's peer institutions and aspirational benchmarks. Thus, the College and University are supremely fortunate to have been considered for the Schnatter/Koch gifts. More importantly, we are beneficiaries of the Schnatter/Koch Foundation's vision to explore -- to the extent that our current and future scholarly capabilities allow -- the drivers, processes, and consequences associated with what I and many across the world believe to be the the most important twin forces for human progress: Capitalism and the free market.

Owing to Messrs. Schatter and Koch's well publicized political beliefs and reputations, there has been a predictable chorus of dissenting voices within the University community since the announcement of the Institute and accompanying financial gift a few months back. Our benefactors' politics notwithstanding, the Institute ought to stand as a reflection and/or a manifestation of our University's *raison d'être*: Scholarly inquiry and the free exchange of ideas. Yet, against this backdrop, I believe that there are indeed legitimate questions and concerns about the establishment of the Institute. In other words, rather than center on stark differences in political ideology, these concerns should be strictly confined to maintaining academic freedom and establishing autonomy in the Institute's strategic and operational affairs.

Having served as chair of the Senate Council's Ad Hoc Committee to Review the University of Kentucky Confucius Institute (2014-2015), I (along with other members of the Committee) am

perhaps uniquely qualified to compare, contrast, and reconcile the chief concerns that were expressed with regard to the Confucius Institute with those related to the Schnatter Institute. These are:

- ***Transparency***: All agreements, contracts and dialog, expectations and caveats, the exchange and uses of funds, etc. related to the Institute shall be readily available to the public and open to observation and scrutiny.
- ***Political Interference***: The political beliefs and practices of the parties involved notwithstanding, the Institute shall be in full compliance with and operate under the mantle of academic freedom, in both spirit and letter.
- ***Faculty Oversight***: The strategic, operational, and (most importantly) scholarly programs and activities of the Institute shall be developed, governed, monitored, and evaluated by qualified College faculty. This includes, but is not limited to, Institute staffing, research, curriculum, budgets, and evaluation.

Thus, I am confident that the University and College have and will continue to develop the safeguards necessary to protect and preserve academic freedom, in general, and the requisite level of transparency, freedom from political interference, and faculty oversight, in particular.

Should you require more information or greater insight about my analysis, opinions, and thoughts, please don't hesitate to contact me at walter.ferrier@uky.edu or 859-257-9326.

Most sincerely,

Walter J. Ferrier

Walter J. Ferrier, Ph.D.
Associate Professor of Management

Cc: Professor John Garen